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July 14, 2026

Office of the Superintendent of Financial Institutions (OSFI)

ATTN: Superintendent Peter Routledge

Cc:
Marlene Puffer, Inaugural Chair, Taxonomy and Transition Planning Council
Kathy Bardswell, Independent Appointment Committee Chair
Bank of Canada
Canadian Securities Administrators
Alberta Securities Commission
AIMCo
The Honorable Danielle Smith, Premier of Alberta
The Honorable Scott Moe, Premier of Saskatchewan
Toronto Stock Exchange
CSSB (sent via FRAS contact form)
Business Council of Canada
Federation of Canadian Municipalities

Dear Superintendent Routledge,

**RE: No Scientific or Economic Rationale Remains for Net Zero and Carbon Markets**

As in our many previous open letters to you, we request that you make a public statement regarding the dramatic exposure of misleading scientific and economic parameters that have been revealed in the past year. There are very real costs to individuals, corporations and society at large because of the misuse of climate scenarios in setting public policy.[1]

1. **Recent Dramatic Changes to Official Scientific and Economic Climate Doctrines**

Within the past year, there have been dramatic changes to the official scientific and economic doctrines on the impacts of human-induced climate change. As each of these emerged, we have asked OSFI, several times, to issue a public statement.

1) The 'climate emergency scenario' known as RCP 8.5/SSP5-8.5 has been sidelined by the official climate modeling community as implausible;
2) The economic catastrophe projected by the Kotz et al. (2024) paper was invalidated when the paper was retracted by NATURE;
3) More recently, the 2004 [Stabilization Wedges: Solving the Climate Problem for the Next 50 Years with Current Technologies] by Stephen Pacala and Robert Socolow has been revealed as having been mostly ghost written by British Petroleum, and that its claim that "humanity already

[1] https://open.substack.com/pub/rogerpielkejr/p/the-real-costs-of-implausible-scenarios?r=f96qu&utm_campaign=post-expanded-share&utm_medium=post%20viewer

possessed all the technology needed to solve the climate problem well into the 21st century" has been shown to be false.

As Bjorn Lomborg has pointed out, "Even after the world has spent $14 trillion on climate policy, more than four-fifths of global energy is still supplied by fossil fuels...."[2] Global Fossil fuel use increased by over 2.5% from 2023 to 2025.

### 2. A Recommendation to Abolish the European Union's Emissions Trading System

In addition to the foregoing, it would be instructive for OSFI and its cadre of financial institutions, to review Prof. Emeritus Samuel Furfari's detailed review of the ineffectiveness of the European Emissions Trading System (EU ETS) and why it should be abolished.[3] There are valuable insights for Canada's finance sector, particularly as there is an effort to align with Europe by the Prime Minister and to institute Carbon Border Adjustment Mechanism (CBAM) policies in Canada. It should be noted that Furfari has had a seat at the table of climate and energy policies for decades, thus he speaks with clarity and deep understanding.

"*Between 1982 and 2018, he was a senior official at the Energy Directorate-General of the European Commission, where he has devoted an entire career to energy technology and policy. He is a Chemical Engineer, having taught energy geopolitics and energy politics at Brussels ULB University (Université Libre de Bruxelles), between 2003 and 2021, where he also obtained his PhD, with a thesis in the field of energy."*

### 3. OSFI Directed Financial Institutions to use RCP 8.5 for climate risk analysis.

The Office of the Superintendent for Financial Institutions (OSFI) had instructed the financial institutions under its purview to use RCP 8.5/SSP5-8.5 (hereinafter RCP 8.5) as part of the financial community's climate risk assessment.[4] Environment and Climate Change Canada, the Prairie Climate Institute, Infrastructure Canada, all relied on RCP 8.5 as the "business-as-usual" case. We now know (officially) that **the scenario was implausible**; many climate scientists and economists knew this over a decade ago.

### 4. Sustainable Taxonomy Draft Report Based on Implausible and Outdated Science

It is thus alarming to read that in the proposed Canadian *Sustainable Taxonomy* report of July 2026, they state:[5]

> *To address these challenges, the Canadian taxonomy will be anchored in the ambition of the Paris Agreement, with technical screening criteria developed using Canada's legislated target of achieving net zero emissions by 2050, enshrined in the Canadian Emissions Accountability Act (Government of Canada 2021).* ***Canada's net zero target was established in response to the Paris Agreement and the 2018 IPCC Special Report on Global Warming of 1.5° C (IPCC 2018),*** *and therefore provides a robust and credible level of ambition for the Canadian taxonomy.*

[2] https://financialpost.com/opinion/bjorn-lomborg-the-political-climate-on-climate-has-changed
[3] https://www.brusselsreport.eu/2026/06/16/the-case-for-abolishing-the-eu-emissions-trading-system/
[4] https://www.osfi-bsif.gc.ca/en/about-osfi/reports-publications/strengthening-climate-risk-financial-resilience-insights-standardized-climate-scenario-exercise
[5] https://www.businessfuturepathways.ca/wp-content/uploads/2026/07/canadian-sustainable-finance-taxonomy-methodology-report.pdf

**The 2018 IPCC SR1.5 report was largely based on the implausible RCP 8.5.** We issued this rebuttal at the time explaining the issues with this implausible scenario: "*Faulty Premises = Poor Public Policy on Climate*".[6] Environment and Climate Change Canada issued their "*Canada's Changing Climate Report 2019*" (CCCR2019) in April of that year, which relied on RCP 8.5, and a climate emergency was declared by the Canadian government in June. We issued this rebuttal in May of 2019: "Climate Change Your Mind."[7]

**Without the RCP 8.5 scenario, there is no climate emergency and no urgency.**

Thus, the recently issued draft of the *Sustainable Finance Taxonomy Methodology Report* relies on outdated information.

**The Paris Agreement and the IPCC SR 1.5 were predicated on RCP 8.5, the 'climate emergency' scenario. Thus, the *Sustainable Finance Taxonomy Methodology Report* taxonomy rankings cannot be valid.**

**5. Statistical Review of World Energy 2026 Shows an Increase in Fossil Fuel Use**

As the Statistical Review of World Energy 2026 reveals, far from fossil fuels being stranded assets, its global consumption increased last year by 0.089% compared to 2024. However, its supply as a percentage of world energy supply changed in 2025 from 86.6% to 86.1%. Meanwhile, the total energy supply increased by 1.7% in 2025 over 2024. In **2025**, **wind and solar power combined** still only provided **3.3%** of the world's energy, with all renewables excluding hydro providing **5.9%**, according to the Statistical Review of World Energy 2026, summarized by retired energy economist Robert Lyman, and published by Friends of Science Society.

**6. So-called Climate-aligned Industries are Massive Consumers of Minerals and Energy with Large Embodied Emissions**

Wind, solar, batteries and electric vehicles are not 'climate-aligned' as there has been no reduction in fossil fuels or emissions because of them; they have a much larger mineral requirement, meaning significantly more mining, more processing and thus more energy use; they have added as a complement to power generation in favourable weather conditions, but the Levelized Full Cost of renewables is significantly higher than conventional power generation. Likewise, they do not produce enough energy return on energy invested to support a hi-tech society, as Prof. Michael Kelly pointed out years ago.[8]

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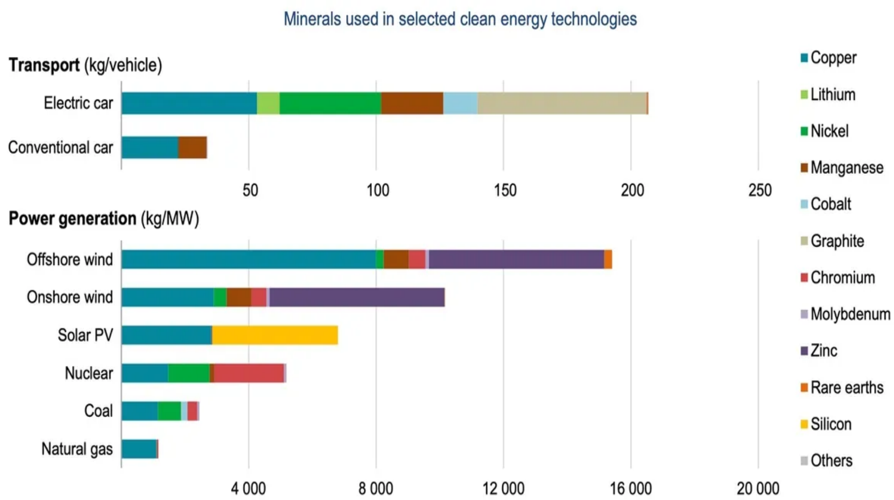
[6] https://blog.friendsofscience.org/wp-content/uploads/2018/10/Faulty-Premises-Poor-Public-Policy-on-Climate-Oct-30-2018-FINAL.pdf
[7] https://blog.friendsofscience.org/wp-content/uploads/2019/05/Climate-Change-Your-Mind-FINAL-2.pdf
[8] https://www.cambridge.org/core/journals/mrs-energy-and-sustainability/article/lessons-from-technology-development-for-energy-and-sustainability/2D40F35844FEFEC37FDC62499DDBD4DC




*Source: IEA*

**7. Humanity does not have the Technology for the Net Zero Transition**

Based on the abandonment of RCP 8.5, the retraction of Kotz et al. (2024), and the revelation that the "Stabilization Wedges…" report falsely claimed that we had the technology for the energy transition, when that is not true, we believe it is imperative that you issue a public statement on these material changes to climate and energy policy drivers.

**8. Carbon Dioxide, if doubled, will not Catastrophically Warm the Planet**

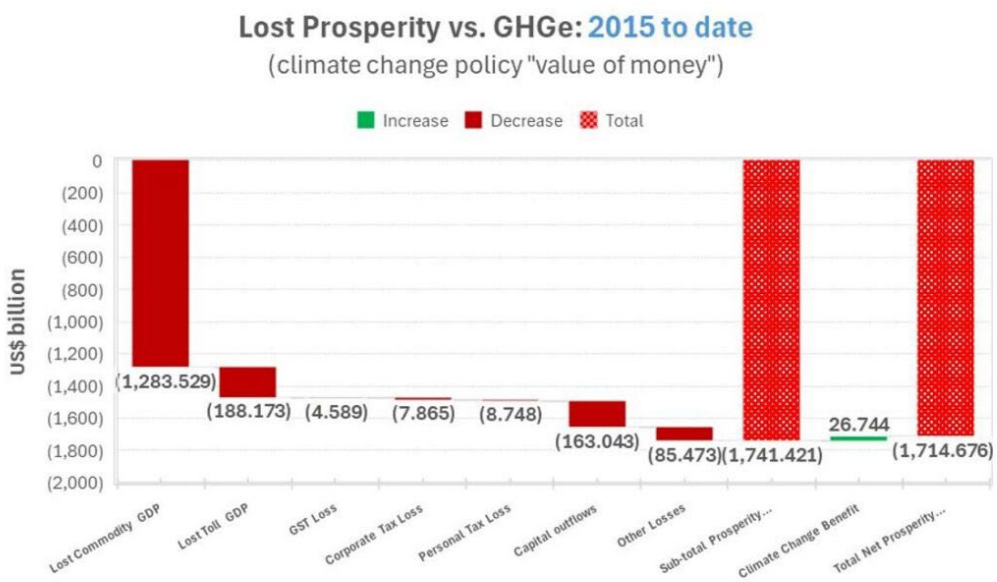
Furthermore, the research work of Professors William Happer and William van Wijngaarden show that carbon dioxide is not like a big blanket, wrapping around the earth and choking the life out of us (as is taught to most school children).

In simple terms, Professor Happer explains that warming effect of increased carbon dioxide concentration is like painting a barn red. The first coat of red paint (i.e. first 400 ppm of $CO_2$) has a noticeable warming effect, but an additional coat of red paint (i.e. doubling of $CO_2$) is barely noticeable, and so on. More $CO_2$, less warming effect.

**9. Canada's Climate Policies are Destroying our Economy**

Canada's obsession with restrictive climate and Net Zero policies has led to massive $\boldsymbol{Cumulative\ Prosperity\ opportunity\ losses\ of\ {\sim}US\$1.741\ trillion\ (2015\ to\ 2025)}$. This is based on the estimated economic loss that would have been forthcoming due to the cancellation of large infrastructure projects (i.e. Keystone, Northern Gateway and Energy East) and the effect of delays on a fourth project, TMX expansion.[9]

[9] https://blog.friendsofscience.org/2025/10/17/facts-on-canadas-global-trade-an-open-letter-to-senior-deputy-governor-carolyn-rogers/




**10. Banks and other Financial Institutions must not Mislead or Coerce Clients and Suppliers on Climate and Net Zero**

As we have written you in earlier letters, based on their Climate Action 2026 report and webinar, Royal Bank of Canada (RBC) was planning a number of coercive Net Zero measures related to interacting with their customers and commercial real estate landlords. They were planning to require Net Zero targets/plans from customers or potentially drop non-compliant customers; for their commercial real estate landlords, they were requiring the landlord to commit within the lease to retrofit to Net Zero 2030 building standards, which would materially drive up the cost of the lease to pay for the retrofits, for no climate benefit at all. RBC (and probably other banks) were doing this to comply with Net Zero directives from OSFI.

According to the Bank Act:[10]

**False or misleading information**

**627.03** No institution shall communicate or otherwise provide false or misleading information to a customer, the public or the Commissioner.

- 2018, c. 27, s. 329

**Marginal note: Prohibited conduct**

**627.04** An institution shall not, in its dealings in Canada with its customers and the public,

- **(a)** impose undue pressure on a person, or coerce a person, for any purpose, including to obtain a product or service from a particular person — including the institution and any of its affiliates — as a condition for obtaining another product or service from the institution;

- **(b)** take advantage of a person; or

[10] https://laws-lois.justice.gc.ca/eng/acts/b-1.01/page-65.html#docCont

- **(c)** engage in any prescribed conduct.
- 2018, c. 27, s. 329

A great deal of harm is being imposed upon Canadian society due to these ideological Net Zero goals for which the claimed scientific and economic justification has vanished.

**11. The IPCC Appears to be Engaging in Questionable Practises**

It also appears that the Intergovernmental Panel on Climate Change (IPCC) has not yet incorporated the revised climate models (CMIP7) into their work as the new CMIP7 models will only be released in September, yet the IPCC will be issuing a draft Working Group I (Physical Sciences) report without them. How reliable is this organization?


**12. Climate Spending is Bankrupting Canada for no Climate or Environmental Benefit; "Elbows Up for Climate" is not Rational or Achievable**

**Canada is spending some $476 Billion on climate initiatives (2020-2030),[11] of which some ~$200 billion has been spent.** This is not sustainable. Recently a group of mayors and councillors under the theme of "Elbows Up for Climate",[12] [13]claiming to represent half the population of Canada made demands of the federal government for:

• a national clean energy grid in every direction,
• the building of at least 2 million net-zero below-market homes,
• mass retrofits,
• heat pumps and solar installations,

[11] https://blog.friendsofscience.org/2024/05/13/what-are-climate-policies-costing-canada/
[12] https://blog.friendsofscience.org/2026/07/07/open-letter-re-elbows-up-for-climate-mayors-councillors-manifesto/
[13] https://blog.friendsofscience.org/2026/07/02/elbows-up-climate-mayors/

• a national high-speed rail system connected to local electric buses and a
• national resilience, response and recovery strategy.

Based on the definitions in the Sustainable Taxonomy draft report, these projects would likely qualify for financing, <u>despite the fact that they would not constructively affect climate change in anyway.</u> They are fraught with embodied emissions far beyond what each project could theoretically reduce. They would do nothing to address the real issues that Canadian municipal taxpayers want addressed – housing affordability, homelessness/poverty, policing and public safety/crime reduction, infrastructure – climate change is **not** a priority and not a municipal mandate to begin with.

**13. Municipalities Should not be Coerced by Banks into Net Zero Targets or "Green" Investing; Basic Infrastructure Upgrades Must be the Focus**

Municipal governments should be focussed on municipal infrastructure projects, to build out storm sewer systems to mitigate flooding as urban populations grow. These should have priority over climate action projects, but that has not been the case for over a decade.

Despite Canada being seen by the G7 as a potential reliable supplier of oil and gas in this time of global deficits of energy, and despite Canada's massive national debt, these mayors and councillors audaciously stated, without consulting their constituents:

> "We are asking the federal government to stand with us: to **reject fossil fuel projects** that divide us, and get to work on practical and popular projects that won't burn down our country – but build us up, Canada Strong." (bold added)

These mayors and councillors have not yet gotten the memo about the revelations in this letter – the abandonment of RCP 8.5, without which there is no climate emergency and no potential 'stranded assets'; the retraction of Kotz et al. (2024), without which there is no catastrophic economic peril from climate change; and the revelations that the 2004 paper "Stabilization Wedges…" was wrong, we do **not** have the technology required to reach Net Zero, nor do we have the material supply chain; and the Happer/van Wijngaarden analysis that a doubling of $CO_2$ will have only a nominal effect on warming.

**14. The case for climate action and carbon taxes has fallen apart.**

Ironically, in the *Sustainable Taxonomy* report, the authors state:

**"The taxonomy will develop an approach to Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) that protects other values while supporting usability."**[14]

Exceptional and significant harm has been done by false fears of a climate emergency - pipeline Blockadia[15] [16]and the real and perceived restrictions on the financing/insuring of energy and resource projects, have rendered Canada vulnerable and in debt.

Exceptional and significant harm has been done across the board in lending, insurance, property assessments, municipal infrastructure applications (which were required to use RCP 8.5 for any major projects in Infrastructure Canada's "climate lens", thus driving up costs) because of the banking, finance,

[14] https://www.businessfuturepathways.ca/wp-content/uploads/2026/07/canadian-sustainable-finance-taxonomy-methodology-report.pdf
[15] https://www.yesmagazine.org/environment/2013/01/12/welcome-to-blockadia-enbridge-transcanada-tar-sands
[16] https://theconversation.com/blockadia-helped-cancel-the-keystone-xl-pipeline-and-could-change-mainstream-environmentalism-155276

pension fund and insurance industries dabbling in climate science and misusing climate models to set fees and determine future risk.

Corporations, small and medium-sized businesses, the ag-sector and food producers, individuals, and taxpayers – particularly in cities, have literally paid a heavy financial price for 'climate action' based on faulty premises, and for which no due diligence was done**.**

15. **Who will answer for the damage caused by the misuse of RCP 8.5/SSP5-8.5 climate scenario?**

The justification for carbon taxes has also evaporated. Indeed, as far back as 2018 in our "Faulty Premises = Poor Public Policy on Climate and Energy" report, we pointed out that there is actually a ***Social Benefit of Carbon Dioxide***, rather than a Social Cost of Carbon:

> **… The IPCC SR15 proposes that industry and taxpayers pay a carbon price of an average of $880 per tonne on carbon dioxide emissions in 2030, but the actual benefit, in terms of an assumed lower temperature, would only be worth at most $4. Accounting for natural climate change and benefits of $CO_2$ fertilization, the proposed carbon tax will prevent a benefit of $8 per tonne $CO_2$, for a total loss of $888 per tonne $CO_2$ mitigated. … (From our 2018 report cover)**[17]

Think of the losses Canadian industry and consumers have born because of faulty climate policy. Think of the pipeline *Blockadia* that has kept Canada from serving the world as an energy superpower for over a decade; think of the jobs and opportunities lost.

Think of the absurdity of pursuing 'decarbonized' oil and the burdensome cost to taxpayers of publicly funded pipelines along with some $16 billion in subsidies and tax benefits for the Pathways/Oil Sands Alliance Carbon Capture and Storage (CCS), keeping us a landlocked, uncompetitive, debt-burdened, non-provider of the oil and gas that the whole world urgently needs.

**Faulty premises on climate science have led us to this juncture.**

Financial institutions and the insurance sector must return to straight-forward business analysis without decisions being clouded by coercive climate ideology. We ask you to issue a public statement on these matters and begin to right these wrongs.

Sincerely,

Ron Davison, P. Eng.
President
Friends of Science Society

[17] https://blog.friendsofscience.org/wp-content/uploads/2018/10/Faulty-Premises-Poor-Public-Policy-on-Climate-Oct-30-2018-FINAL.pdf